



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
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Division Director

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April 3, 2001

TO: Lowell P. Braxton, Director

THRU: Mary Ann Wright, Associate Director *MAW*

THRU: D. Wayne Hedberg, Permit Supervisor *DWH*

FROM: Tom Munson, Senior Reclamation Specialist *TM*

RE: Request for Approval of Form and Amount of Replacement Reclamation Surety, Basin Perlite Company, Pearl Queen Mine, M/001/027, Beaver County, Utah

*Surety increased & updated 8/16/01.
Surety now at \$133,600.
This RC also replaced.
Returned original to operator 8/24/01*

On March 21, 2001, Basin Perlite Company furnished the Division with a \$40,800 replacement surety bond issued by American Manufacturers Mutual Insurance Company #~~XXXXXXXXXX~~. This bond is intended to replace the existing \$40,800 bond issued by Amwest Surety Insurance Company #~~XXXXXXXXXX~~ for the Pearl Queen Mine, which was received February 28, 2000.

On March 28, 2001, we received the replacement Reclamation Contract to accompany the American Manufacturers bond. The surety company has an "A" rating and is on the federal register listing of acceptable bonding companies.

The Division is presently processing a mine plan revision to Basin Perlites's approved large mine permit. We are also processing a permit amendment to expand the current Milford milling facility and include it as part of the Pearl Queen large mining permit as well. We have published a notice of tentative approval for the mine plan revision in the local and area newspapers. Before we can issue final approval of the permit revision, Basin Perlite will need to increase the current \$40,800 surety bond to reflect the new reclamation cost estimate by providing a surety rider or a new form of surety.

If you are in agreement with the acceptance of the replacement \$40,800 reclamation surety please sign and date the documents. We will then return the existing Amwest Surety Insurance Company bond and reclamation contract to the operator. Thank you for your time and consideration of this request.

jb
Enclosure: Replacement MR-RC & surety
M01-27-dir—mem.doc

Approved LRB 8-3-01